GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:401
ANSWERED ON:16.04.2001
EXPANSION OF FLEET OF AIR INDIA
M.V.CHANDRASHEKHARA MURTHY;NEDURUMALLI JANARDHANA REDDY

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether due to delay in implementation of Air India`s fleet expansion plans, the airlines is suffering losses;

(b) if so, the details thereof;

(c) the extent of loss suffered as a result thereof; and

(d) the corrective steps taken by the Government in this regard?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a), (b), (c) and (d):- A Statement is laid on the Table of the House.

STATEMENT IN REPLY TO LOK SABHA STARRED QUESTION NO.401 FOR 16TH APRIL, 2001 REGARDING EXPANSION O
FLEET OF AIR INDIA

(a),(b),(c) and (d):- Due to a limited fleet, Air India has not been able to optimally utilise all its revenue earning opportunities. The extent of losses specifically on account of this cannot be isolated as there are several other causes for losses. It is, however, a fact that Air India did pursue a policy of fleet expansion from 1992 onwards both by acquiring new aircraft as also taking wet lease aircraft upto 1996-97 when it had to take urgent measures to reduce its losses. Air India acquired 6 new aircraft between 1993-96 to operate on the prestigious India-US, India-Europe and India-UK routesIt also acquired aircraft on wet lease between 1994-97. This lease, however, had to be terminated prematurely as the wet lease operations did not produce expected revenue, due to which Air India had to suffer losses. Thereafter, for three years from 1997 to 2000, Air India, because of this set back, and due to its poor financial health, put on hold its expansion projects so as to first consolidate its existing operations. Air India had already taken corrective measures by taking two aircraft on dry lease and by signing lease agreement for two more aircraft that are expected to be delivered in the month of May, 2001.